



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 9, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

A handwritten signature in blue ink, reading "John Naimo", is written over the printed name and title.

SUBJECT: **SOUTHEAST LOS ANGELES COUNTY WORKFORCE DEVELOPMENT BOARD – A COMMUNITY AND SENIOR SERVICES' LOS ANGELES COUNTY YOUTH JOBS PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW – FISCAL YEAR 2013-14**

We completed a contract compliance review of Southeast Los Angeles County Workforce Development Board (SELACO WDB or Agency), which included a sample of transactions from Fiscal Year (FY) 2013-14. Community and Senior Services (CSS) contracts with SELACO WDB to provide Los Angeles County Youth Jobs (LAC Youth Jobs) Program services.

The purpose of our review was to determine whether SELACO WDB appropriately accounted for and spent LAC Youth Jobs Program funds to provide the services outlined in their County contract. We also evaluated the Agency's financial records, internal controls, and compliance with their County contract and other applicable guidelines.

CSS paid SELACO WDB approximately \$75,600 on a cost-reimbursement basis during FY 2013-14. The Agency provides services to the residents of the Fourth Supervisorial District.

Results of Review

SELACO WDB maintained documentation to support eligibility for the clients reviewed. However, SELACO WDB did not always comply with their County contract and other applicable guidelines. For example, SELACO WDB:

- Charged CSS \$5,193 for staff and clients payroll expenditures that were not supported by payroll records.

SELACO WDB's attached response indicates that they can provide support for the \$5,193 in questioned costs.

- Charged CSS \$230 in FY 2013-14 for FY 2014-15 expenditures.

SELACO WDB's attached response indicates that they will repay CSS \$230.

- Did not provide signed worksite agreements, proof of supervisor orientation, and most recent monitoring reports for four (67%) of the six worksites reviewed. A similar finding was also noted during the prior year's monitoring review.

SELACO WDB's attached response indicates that they concur with our finding and will place greater emphasis on ensuring worksite agreements are completed, and documentation is maintained to support the supervisor orientations. In addition, SELACO WDB will monitor a sample of worksites to ensure compliance.

- Did not document that Personal Enrichment Training (PET) was provided for 30 (67%) of the 45 clients reviewed. According to the 2014 LAC Youth Jobs Technical Assistance Guide, all youth must complete the PET prior to beginning their work experience. PET includes a component introducing youth to the concept of Science, Technology, Engineering, and Mathematics, and the impact to jobs in the future.

SELACO WDB's attached response indicates that they concur with our finding and have advised their vendors on the steps to take to properly document the completion of the PET.

Details of our review, along with recommendations for corrective action, are attached (Attachment I).

Review of Report

We discussed our report with SELACO WDB and CSS. SELACO WDB's attached response (Attachment II) indicates general agreement with our findings and recommendations. CSS management will work with SELACO WDB to ensure that our recommendations are implemented.

We thank SELACO WDB management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Aggie Alonso at (213) 253-0304.

JN:AB:PH:AA:EB:dc

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Ben Espitia, Board Chair, SELACO WDB
Yolanda Castro, Executive Director, SELACO WDB
Sandra Michel, Compliance Manager, SELACO WDB
Public Information Office
Audit Committee

**SOUTHEAST LOS ANGELES COUNTY WORKFORCE DEVELOPMENT BOARD
LOS ANGELES COUNTY YOUTH JOBS PROGRAM
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2013-14**

ELIGIBILITY

Objective

Determine whether Southeast Los Angeles County Workforce Development Board (SELACO WDB or Agency) maintained documentation to support the eligibility of clients that the Agency claimed received Los Angeles County Youth Jobs (LAC Youth Jobs) Program services.

Verification

We reviewed the documentation stored in the case files for 45 (19%) of the 240 clients that the Agency claimed received LAC Youth Jobs Program services during April through December 2014.

Results

SELACO WDB maintained documentation to support the eligibility of the 45 clients reviewed.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether SELACO WDB maintained documentation to support the services charged to Community and Senior Services (CSS) and whether the clients received the services.

Verification

We reviewed the case files for 45 (19%) of the 240 clients that the Agency claimed received LAC Youth Jobs Program services during April through December 2014.

Results

SELACO WDB did not always maintain documentation in the clients' case files to support the services provided. Specifically, SELACO WDB did not:

- Document that Personal Enrichment Training (PET) was provided for 30 (67%) of the 45 clients reviewed. According to the 2014 LAC Youth Jobs Technical Assistance Guide (TAG), all youth must complete the PET prior to beginning their work experience. PET includes a component introducing youth to the concept of Science, Technology, Engineering, and Mathematics, and the impact to jobs in the future.
- Complete Section 2 of the clients' I-9 forms (Employment Eligibility Verification) as required by the LAC Youth Jobs TAG for ten (22%) of the 45 clients reviewed.
- Approve timecards for three (7%) of the 45 clients reviewed.
- Complete the monthly and final Performance Evaluations for ten (22%) of the 45 clients reviewed. According to the 2014 LAC Youth Jobs TAG, each youth shall receive a monthly and final Performance Evaluation.

Recommendations

Southeast Los Angeles County Workforce Development Board management ensure:

- 1. All eligible clients receive the required Personal Enrichment Training.**
- 2. Form I-9 is completed as required.**
- 3. Worksite supervisors approve and sign all clients' timecards.**
- 4. Worksite supervisors complete the monthly and final Performance Evaluation for all clients.**

CASH/REVENUE

Objective

Determine whether SELACO WDB properly recorded revenue in their financial records, deposited cash receipts into their bank account timely, and if bank reconciliations were prepared timely, and reviewed and approved by Agency management.

Verification

We interviewed Agency personnel, and reviewed their financial records and August and September 2014 bank reconciliations for one bank account.

Results

SELACO WDB recorded revenue in their financial records and deposited cash receipts into their bank account timely. However, the Agency did not prepare their bank reconciliations within 30 days of the bank statement date as required by Section B.1.4 of the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook). Specifically, as of November 2015, SELACO WDB had not prepared bank reconciliations for August and September 2015.

Recommendation

- 5. Southeast Los Angeles County Workforce Development Board management ensure bank reconciliations are completed timely as required.**

COST ALLOCATION PLAN/EXPENDITURES**Objective**

Determine whether SELACO WDB developed their Cost Allocation Plan (Plan) using an appropriate cost allocation methodology, and if expenditures charged to the LAC Youth Jobs Program were allowable, properly documented, and appropriately allocated.

Verification

We interviewed SELACO WDB's personnel, and reviewed their Plan and financial records for four non-payroll expenditures, totaling \$2,539, that the Agency charged to the LAC Youth Jobs Program in June 2014.

Results

SELACO WDB developed their Plan using an appropriate cost allocation methodology, and their expenditures charged were allowable, properly documented, and appropriately allocated.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether SELACO WDB maintained personnel files as required and charged payroll expenditures to the LAC Youth Jobs Program that were allowable, properly documented, and appropriately allocated.

Verification

We reviewed the personnel files for three employees assigned to the LAC Youth Jobs Program. We also compared the payroll expenditures for eight employees and ten clients, totaling \$17,432 for June 2014, to the Agency's payroll expenditures and time records. Based on the results of our initial review, we expanded our sample to include an additional payroll expenditure totaling \$4,747. As a result, we reviewed a total of \$22,179 in payroll expenditures.

Results

SELACO WDB charged CSS \$5,193 (23%) of the \$22,179 in payroll expenditures reviewed for unsupported payroll expenditures. Specifically, SELACO WDB did not provide timecards for two (20%) of the ten clients reviewed totaling \$446 and did not provide payroll records for one payroll expenditure totaling \$4,747.

In addition, SELACO WDB did not always comply with their LAC Youth Jobs Program and County contract requirements. Specifically, SELACO WDB charged CSS for one subcontractor employee who worked on multiple programs based on predetermined or budgeted rates, instead of actual conditions as required.

Recommendations

Southeast Los Angeles County Workforce Development Board management:

- 6. Repay Community and Senior Services \$5,193.**
- 7. Re-allocate shared staff's payroll expenditures to the Los Angeles County Youth Jobs Program using an equitable basis, reduce the Fiscal Year 2013-14 Expenditure Reports by any over allocated amounts, and repay Community and Senior Services for any excess amounts received.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency was in compliance with LAC Youth Jobs Program and other County contract administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, and conducted an on-site visit.

Results

SELACO WDB generally maintained sufficient internal controls over its business operations. However, SELACO WDB did not always comply with their County contract and LAC Youth Jobs Program requirements. Specifically, SELACO WDB did not provide signed worksite agreements, proof of supervisor orientation, and most recent monitoring reports for four (67%) of the six worksites reviewed. A similar finding was also noted during the prior year's monitoring review.

Recommendations

Southeast Los Angeles County Workforce Development Board management:

- 8. Ensure worksite agreements are maintained and completed as required.**
- 9. Maintain adequate documentation to support worksite supervisors received orientation concerning the Los Angeles County Youth Jobs Program.**
- 10. Ensure monitoring reports are completed for all worksites.**

CLOSE-OUT REVIEW**Objective**

Determine whether SELACO WDB's Fiscal Year (FY) 2013-14 Close-Out Expenditure Report reconciled to their financial records.

Verification

We compared the total revenues and expenditures from SELACO WDB's Close-Out Expenditure Report to their financial records.

Results

SELACO WDB charged CSS \$230 in FY 2013-14 for FY 2014-15 expenditures. According to Section C-1.2 of the A-C Handbook, expenses charged against program funds may not be incurred prior to the effective date of the agreement or subsequent to the agreement termination date.

Recommendation

- 11. Southeast Los Angeles County Workforce Development Board management repay Community and Senior Services \$230.**



April 22, 2016

Mr. John Naimo
County of Los Angeles
Department of Auditor Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-3873

Dear Mr. Naimo:

RE: Southeast Los Angeles County Workforce Development Board-A community and Senior Services' Los Angeles County Youth Jobs Program Provider-Contract Compliance Review-Fiscal Year 2013-2014

We have received and reviewed your draft program review report dated March 21, 2016. The review was conducted on December 2nd through December 5, 2015. Please find attached our response to findings noted.

It is our practice to make every effort to comply with all County Community and Senior Services (CSS) requirements and applicable Federal and State laws, regulations, policies, and directives related to Youth Work Experience program operations. We advocated compliance in every area of our programs, and acknowledge all cited recommendations and anticipate that corrective action plans presented will meet CSS's expectation.

Respectfully,


Yolanda Castro
SELACO WDB Executive Director

CC: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

RE: Los Angeles County Community and Senior Services (CSS) Correspondence Dated February 10, 2014 Concerning "Fiscal Year 2013-14 Summer Youth Work Experience Program Initial Determination Letter – Repeats Findings(s)"

The following information is provided in response to the above-referenced draft report. Below are responses to each of the nine (9) individual concerns/issues addressed in the order listed in Attachment A of the draft report.

Concern/Issue # 1

SELACO WDB did not:

- Provide the Personal Enrichment Training (PET) for 30 (67%) of the 45 clients reviewed. According to the 2014 LAC Youth Jobs Technical Assistance Guide (TAG), all youth must complete the PET prior to beginning their work experience. The Training includes a component introducing youth to the concept of Science, Technology, Engineering, and Mathematics and the impact to jobs in the future.

Response/Action: *The observation has been noted and the vendors have been made aware of the concern and have been advised on the steps to take to properly document the completion of PET. If necessary, proof of PET completion for 29 of the thirty participants identified can be demonstrated through the acquisition of case notes for the individuals in question as well as sign-in sheets for PET workshops.*

Concern/Issue # 2

SELACO WDB did not:

- Complete Section 2 of the clients' I-9 forms as required by the LAC Youth Jobs TAG for ten (22%) of the 45 clients reviewed.

Response/Action: *The observation has been noted and the vendors have been made aware of the concern and have been advised on the steps to take to properly complete the I-9 forms for all future participants. SELACO WDB hosted a subcontractor in-service related to eligibility, financial records, and required documentation to ensure that records, data and information are in compliance with CSS's policies and regulations. Policies discussed included the proper completion of the I-9 form. During the review, our staff disclosed that, of the three-subcontractors, two completed the form correctly, and only one did not. Despite this fact, the incorrect completion of the I-9 form by one of the sub-contractors did not jeopardize the integrity of the file, as it contained copies of the information (social security, and State issued identification) necessary for the proper completion of the I-9 form.*

SELACO WDB did not:

- Approve timecards for three (7%) of the 45 clients reviewed.

Response/Action: The observation has been noted and the vendors have been made aware of the concern and have been advised on the requirements of participants' timecards. As we implement current and future reviews of the Earn and Learn program, greater emphasis will be placed on ensuring worksite supervisors approve and sign all participants' timecards. If necessary, SELACO can provide the timecards with approval signatures for the three individuals in question.

Concern/Issue # 4

SELACO WDB did not:

- Complete the monthly and final Performance Evaluations for ten (22%) of the 45 clients reviewed. According to the 2014 LAC Youth Jobs TAG, each youth shall receive a monthly and final Performance Evaluation.

Response/Action: The observation has been noted and the vendors have been made aware of the concern and have been advised on the requirements of performance evaluations. As we implement current and future reviews of the Earn and Learn program, greater emphasis will be placed on ensuring the worksite supervisors complete the monthly and final Performance Evaluation for all participants.

Concern/Issue # 5

SELACO WDB recorded revenue in their financial records and deposited cash receipts into their bank account timely. However, the Agency did not perform their bank reconciliations within 30 days of the bank statement date as required by Section B.1.4 of the Auditor-Controller Contract Accounting and Administration Handbook. Specifically, as of November 2015, SELACO WDB had not completed bank reconciliations for August and September 2015.

Response/Action: At the time of the review the SELACO WDB had not completed the Bank reconciliation due to an extended medical leave of SELACO WDB's fiscal controller. Since the review, the Fiscal Controller has returned and prioritized the completion of the Bank Reconciliation. SELACO WDB is currently up-to date. Instances of this nature are not the norm for SELACO WDB, it is our practice to complete Bank reconciliations as required and on a timely manner.

Concern/Issue # 6

SELACO WDB billed CSS \$5,456 (25%) of the \$22,179 in payroll expenditures reviewed for unallowable and unsupported payroll expenditures. Specifically, SELACO WDB billed CSS:

- \$5,193 in unsupported payroll expenditures. Specifically, SELACO WDB did not provide timecards for two (20%) of the ten clients reviewed totaling \$446 and did not provide payroll records for one payroll expense totaling \$4,747.

Response/Action: *At the time of the review the SELACO WDB was not able to provide the timecards in question due to an extended medical leave of SELACO WDB's fiscal controller. Since the review, the Fiscal Controller has returned and located the timecards in question. If necessary, the timesheets for the two participants in question totaling \$446.00 can be made available. Also if necessary, the payroll records for the payroll expense totaling \$4,747.00 can also be made available.*

Concern/Issue # 7

- Billed CSS for one subcontractor employee who worked on multiple programs based on predetermined or budgeted rates, instead of actual conditions as required.

Response/Action: *Per our contracted provider, Ms. Christina Piper is assigned to work four hours out of her eight hour shift under the department that operates the Earn and Learn Program. The four hours assigned to that department are solely invested on the Administration and implementation of the Earn and Learn program.*

Concern/Issue # 8

SELACO WDB generally maintained sufficient internal controls over its business operations. However, SELACO WDB did not always comply with County contract and LAC Youth Jobs Program requirements. Specifically, SELACO WDB did not provide signed worksite agreements, proof of supervisor orientation and most recent monitoring reports for four (67%) of the six worksites reviewed.

Response/Action: *The observation has been noted and the vendors have been made aware of the concern and have been advised on the requirements of worksite agreements. As we implement current and future reviews of the Earn and Learn program, greater emphasis will be placed on ensuring worksite agreements are maintained and completed as required, ensure providers maintain adequate documentation to support worksite supervisors received orientation concerning the LAC Youth Jobs Program. Due to volume of worksites, SELACO's compliance unit can only monitor a sample of the worksites; we do not have the manpower or allotted budget to perform a monitoring review of all worksites.*

Concern/Issue # 09

SELACO WDB billed CSS \$230 in FY 2013-14 for FY 2014-15 expenditures. According to Section C-1.2 of the Auditor-Controller Contract Accounting and Administration Handbook, expenses charged against program funds may not be incurred prior to the effective date of the agreement or subsequent to the agreement termination date.

Response/Action: As recommended, attached is a check in the amount of \$230.00 from the Southeast Los Angeles County Workforce Investment Board management to repay Community and Senior Services the amount of \$230.

Summary: SELACO WDB appreciates functioning as a subcontractor to the County on various summer programs serving at-risk and economically disadvantaged youth. We support the County's efforts to implement and maintain a review process to ensure compliance, performance and the integrity of services. However, please note that when "monitoring" is conducted post facto (20 months after the completion of the phase reviewed); it hinders the opportunity to resolve concerns as they occur. In order to avoid problems in the future, we encourage CSS to schedule monitoring reviews during the active period of program operations.

SELACO WDB believes that our responses to the concerns raised by the Auditor-Controller and CSS provide resolution to or otherwise address, to the full extent of our ability, the County's concerns.

If you have any questions on this matter, please do not hesitate to contact me, Yolanda Castro 562-402-9336 ext. 1201.